



PANCONTINENTAL Oil & Gas NL
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ASX Companies Announcement Office

QUARTERLY ACTIVITIES REPORT ***March 2008***

HIGHLIGHTS FOR THE QUARTER

- **Namibia Reconnaissance Licence RL-1 2007 - Planning to convert to a Petroleum Agreement in co-operation with Key Petroleum Ltd.**
- **East Africa onshore - Negotiations commenced for two new exploration licences.**
- **EP 104 onshore Canning Basin – Stokes Bay 1 Testing set to resume in the forthcoming quarter.**
- **L6 offshore Kenya – continued data interpretation and mapping by operator Gippsland Offshore Petroleum shows several large prospects and leads.**
- **L8 & L9 offshore Kenya - operator Origin Energy seeks farminee for drilling of very large prospects.**
- **EP 424 offshore Carnarvon Basin - The operator is assessing rig availability for drilling the Baniyas Prospect, as well as project economics in the event of a discovery.**

INTERNATIONAL PROJECTS

KENYA

OFFSHORE BLOCKS L-8 AND L-9

Pancontinental Oil & Gas NL – 50%

Operator Origin Energy Ltd, in joint venture with Pancontinental, has confirmed a number of very large prospective features for possible drilling. The Joint Venture is seeking a farminee to participate in drilling these prospects.

Pancontinental (retaining 25%) will be carried through two wells, with expenditures estimated to be in excess of Aus\$60.0 million, if Origin exercises the option to drill in each area under the Joint Venture Agreement.

OFFSHORE BLOCK L-6

Pancontinental Oil & Gas NL – 40%

Airborne gravity data and seismic data acquired under farmin by Gippsland Offshore Petroleum (GOP) continued to be interpreted and mapped during the Quarter.

A number of prospects and leads with significant speculative oil and gas reserves potential have been identified.

The joint venture is continuing to work towards firming-up a target for drilling.

MALTA

OFFSHORE AREA 5; AREA 4, BLOCK 3.

Pancontinental Oil & Gas NL - 80% (reducing to 28.0% after seismic and one well)

Farminee Anadarko has pursued resolution of the current suspension of activities while the Government of Malta discusses joint boundaries with neighbouring Tunisia and Libya.

There has been no exploration work carried out during the quarter.

The main prospect and leads identified and mapped by Pancontinental have very significant potential and are in the same geological province as the very large oil and gas fields offshore Libya and Tunisia.

NAMIBIA

RECONNAISSANCE LICENSE, OFFSHORE WALVIS BASIN

Pancontinental Oil & Gas NL – 100%

Offshore Namibia is an under-explored region between the prolific oil producing basins of Angola and Nigeria to the north and the oil & gas discoveries of the Orange Basin to the south.

Pancontinental has a two-year Reconnaissance Licence (RL) over 30,000 km² of the Walvis Basin, offshore northern Namibia, granted in February 2007.

The company has made an initial evaluation of seismic and well data over the area. Interpretation of these data approached completion during the Quarter and planning commenced to convert the RL to a full Petroleum Agreement (PA) and Exploration Licence (EL).

The very large area held under the RL offers a significant opportunity to explore for oil and gas on the southern West African margin. Some of the geological 'plays' identified during the evaluation of the RL are similar to successful oil-producing plays elsewhere in West Africa.

Any PA and EL is subject to negotiations with the Ministry of Mines and Energy of Namibia. Pancontinental plans to commence such negotiations in the forthcoming Quarter.

Pancontinental entered discussions during the Quarter with Key Petroleum Ltd to share any PA and EL ensuing from the RL. Subsequent to the end of the Quarter, a Participation Agreement was signed by Pancontinental and Key.

MOROCCO

MEDITERRANEE EST BLOCK (Application), OFFSHORE MOROCCO, MEDITERRANEAN SEA.

Pancontinental Oil & Gas NL – 100% (diluting to 80%)

The Joint Venture is awaiting the formal issue of the Reconnaissance Licence by the Minister. There has been no further progress since the last report.

AUSTRALIAN PROJECTS

EP 104 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 10.0%

Stokes Bay-1 well was spudded on 3rd October 2008, subsequently drilled and cased to 2,575 mMD (metres Measured Depth) and then deepened to 2,777mMD .

During deepening the well penetrated cavernous and vugular porosity in the Nullara Limestone. No drilling fluid returns (lost circulation) and no cuttings were returned to the surface. A 40 to 45 meter section of the upper part of the Nullara Limestone has been drilled so far in Stokes Bay 1.

While trying to control the lost circulation, the well intermittently flowed into the well bore and a gas peak of 3,816 units was recorded (being mud gas peaks of up to 10%). This gas is interpreted to be very dry (97% methane) and coming

from the Nullara Limestone. The Nullara Limestone was also penetrated at Point Torment 1, 4.5km away, 80 m downdip, flowing gas on test at 134,000 cubic feet per day with a trace of oil.

Stokes Bay 1 was completed with production tubing and surface completion equipment to enable testing of the Nullara Limestone.

Operations in the bottom of the cased hole recovered some 29% of the estimated 12,400Bbls of lost drilling mud. Testing was suspended due to heavy rain and is planned to resume when the site becomes accessible again, estimated to be April-May 2008.

If the Nullara in Stokes Bay 1 successfully produces hydrocarbons, then the Nullara trend of hydrocarbons could extend 4.5 Km to the southeast to Point Torment 1 and up to 7Km to the west. Co-venturer Empire interprets an areal closure which could be up to 45 sq km.

The extent of a hydrocarbon accumulation (if any) can only be determined by further work, including testing.

The two shallower Anderson Formation sands with hydrocarbon shows in Stokes Bay 1 can also be tested as a separate operation.

Pancontinental awaits with considerable interest the resumption of testing of Stokes Bay 1 in the forthcoming Quarter.

EP 424 OFFSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

“Amplitude Versus Offset” (AVO) seismic analysis over the Baniyas Prospect shows a seismic anomaly of a type sometimes associated with multiple fluid types at the interpreted reservoir target level. This anomaly could indicate the presence of gas over oil or water in the prospect, although other interpretations (including rock property changes) cannot be ruled out.

The Baniyas prospect is on-trend and has strong similarities to the Roller, Saladin and Skate oil fields in the neighbouring permit areas. Baniyas is estimated to have potential for recoverable reserves of 34 million barrels (Pmean) oil equivalent. These potential reserves are of a speculative nature until the prospect has been evaluated by drilling.

A variation to the permit terms has been given by the DOIR under which the drilling of one well is now required by 13th April 2009. The operator is assessing rig availability for drilling, as well as project economics of any discovery.

EP 110 ONSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL -25%

Nothing to report.

EP 406 OFFSHORE SHARK BAY, CARNARVON BASIN

Pancontinental Oil & Gas NL – 5%

Progress is awaited regarding permission to explore this area, which is subject to a Marine Park and World Heritage Listing.

CORPORATE

Nothing to report.

NEW VENTURES

- The company lodged two applications for onshore exploration licences in Africa during the previous Quarter and commenced negotiations for these licences in the March Quarter.
- The company entered negotiations with Key Petroleum Ltd to jointly explore the company's RL area offshore Namibia. (See Namibia section above).
- The company considered certain specific new projects offshore Australia during the Quarter.
- The Company continues to review Australasian, Mediterranean and African onshore and offshore opportunities.

Enquiries:

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Director

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The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, General Manager of Pancontinental Oil & Gas NL. Mr Rushworth has the relevant degree in geology and has been practising petroleum geology for more than 25 years.

Mr Rushworth is a Director of Pancontinental Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.

Mining exploration entity quarterly report

Name of entity

Pancontinental Oil & Gas NL

ABN

95 003 029 543

Quarter ended ("current quarter")

31 March 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (...9.. months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(522)	(2,353)
1.3 Dividends received	(110)	(847)
1.4 Interest and other items of a similar nature received	12	62
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	2	2
Net Operating Cash Flows	(618)	(3,136)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(618)	(3,136)

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(618)	(3,136)
1.14	Proceeds from issues of shares, options, etc.		2,989
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	2,989
	Net increase (decrease) in cash held	(618)	(147)
1.20	Cash at beginning of quarter/year to date	2,282	1,811
1.21	Exchange rate adjustments to item 1.20	(15)	(15)
1.22	Cash at end of quarter	1,649	1,649

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	239
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments to companies associated with directors (in 1.23 above) for:	
Corporate consulting fees	12
Technical consulting fees	128
Directors fees	34
Administration, accounting & secretarial fees	65

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	851
4.2 Development	
Total	851

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,387	2,020
5.2 Deposits at call	262	262
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,649	2,282

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed			
6.2 Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.


	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	444,770,113	444,770,113		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,625,000		<i>Exercise price</i> \$0.10	<i>Expiry date</i> 31 December 2008
	1,100,000		\$0.15	21 November 2009
	2,875,000		\$0.15	28 November 2009
	250,000		\$0.10	30 June 2008
	250,000		\$0.15	30 June 2008
	9,500,000		\$0.0925	28 November 2010
	9,250,000		\$0.096	28 November 2011
	4,500,000		\$0.059	28 November 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

7.12	Unsecured notes (totals only)		
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Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 21 April 2008
(Director/Company secretary)

Print name: E A Myers

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

PANCONTINENTAL OIL & GAS NL – PETROLEUM PERMIT SCHEDULE

as at 31 March 2008

Project	Permit reference	Interest
Petroleum prospects		
Western Australia	EP 104 (R4)	10%
	EP 406	5%
	EP 110	25%
	EP 424	25%
Malta	Area 5	80% (reducing to 28% after one well)
	Block 3 of Area 4	80% (reducing to 28% after one well)
Kenya	L6	100% - diluting to 40%
	L8	100% - diluting to 50%
	L9	100% - diluting to 50%
Namibia	RL	100%
Morocco	Mediterranee Est. Block**	100% - diluting to 80%

** Awaiting award of R/L.